

**CITY OF DYSART, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS  
June 30, 2004**

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## **CITY OF DYSART**

### **Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Dennis Wieben	Mayor	January 2008
Ed Clouse	Council Member	January 2006
Joseph Coffey	Council Member	January 2006
Rich Kavalier	Council Member	January 2006
Ora Hennessy	Council Member	January 2008
Don Lyons	Council Member	January 2008
Roxanne Schneider	City Clerk and Treasurer	Indefinite
Jolene Youngblut	Deputy Clerk	Indefinite
Nancy Burk	City Attorney	Indefinite

**CITY OF DYSART**

## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the City Council  
Dysart, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dysart, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the City of Dysart's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Dysart's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Dysart, Iowa, as of and for the year ended June 30, 2004, on the basis of accounting described in Note 1.

As discussed in Note 12 to the financial statements, during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Statement No. 41, *Budgetary Comparison Schedule - Perspective Differences*.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2004 on our consideration of the City of Dysart's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 15 and 40 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements that collectively comprise the City of Dysart's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003, 2002, and 2001 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned basic financial statements taken as a whole.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
August 26, 2004

## **CITY OF DYSART**

### **Management's Discussion and Analysis**

The City of Dysart provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

### **2004 FINANCIAL HIGHLIGHTS**

- Revenues of the City's governmental activities increased approximately .3%, or \$6,332, from fiscal year 2003 to fiscal year 2004. Property tax increased approximately \$5,862 and bond proceeds increased \$514,435.
- Governmental disbursements increased approximately 38%, or \$848,416, in fiscal year 2004 from fiscal year 2003. Public safety disbursements decreased approximately \$3,735, and debt service and capital projects disbursements increased approximately \$43,837 and \$1,225,439, respectively.
- The City's total cash basis net assets decreased approximately 45.3%, or approximately \$713,198, from June 30, 2003 to June 30, 2004. Of this amount, the assets of the governmental activities decreased approximately \$668,407 and the assets of the business-type activities decreased by approximately \$44,791.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

## **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the Water Fund, Sanitary Sewer Fund, Electric Fund and Garbage Service Fund. These activities are financed primarily by user charges.

### **Fund Financial Statements**

The City has two kinds of funds:

- Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

- Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four major Enterprise Funds to provide separate information for the water, sewer, garbage and electric funds, considered to be major funds of the City.



## Fund Financial Statements (continued)

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased sharply from a year ago, decreasing from \$1.475 million to \$807 thousand. The analysis that follows focuses on the changes in cash balances for governmental activities.

#### Changes in Cash Basis Net Assets of Governmental Activities

	<b><u>Year ended June 30,</u></b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>
Receipts & transfers:		
Program Receipts:		
Charges for service	\$ 101,096	\$ 270,060
Capital grants, contributions and restricted interest	117,217	542,034
General Receipts:		
Property Tax	278,626	272,763
Local option sales tax	50,325	-
TIF Revenues	70,266	51,535
Other city tax	3,189	-
Unrestricted investment earnings	2,453	9,604
Bond proceeds	1,336,806	822,371
Other general receipts	176,855	267,461
Net transfers in (out)	<u>258,955</u>	<u>(143,150)</u>
Total receipts & transfers	<u>\$ 2,395,788</u>	<u>\$ 2,092,678</u>
Disbursements:		
Public Safety	\$ 181,966	\$ 185,701
Public Works	125,372	44,566
Health and social services	342	328
Culture and recreation	197,107	133,587
Community & economic development	19,033	29,256
General government	43,353	81,857
Debt Service	133,639	89,802
Capital projects	2,363,383	1,137,944
Business type (Garbage)	<u>-</u>	<u>215,963</u>
Total disbursements & transfers	3,064,195	1,919,004
Increase in cash basis net assets	(668,407)	173,674
Cash basis assets beginning of year	1,475,139	1,361,606
Cash basis assets end of year	806,732	1,535,280
Electric revenue reserve fund reclassified as proprietary funds during FY 03/04	<u>-</u>	<u>(60,141)</u>
Adjusted cash basis assets end of year	<u>\$ 806,732</u>	<u>\$ 1,475,139</u>

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The City's total receipts for governmental activities increased by approximately .3%, or \$6,332. The total cost of all programs and services increased by approximately 59.0%, or \$1,866,439. The significant increase in expenditures was due to capital projects, including the construction of the aquatic center, the installation of new water main, and the completion of the library project.

Property tax rates for 2004 stayed virtually the same as in fiscal year 2003, increasing only .03/\$1000 of valuation. The increase in property tax revenues of \$5,862 was largely due to new construction in the city. Private contributions decreased dramatically during 2004, with most donations and grants for the library project and aquatic center project being received in the 2003 fiscal year. Local option sales tax revenues in the amount of \$50,325 were also received for the first time during fiscal year 2004. TIF Revenues increased by \$18,951, or approximately 35%, due to housing rebates to be paid to two developers.

With the exception of the capital projects during fiscal year 2004, the remaining governmental program expenses remained similar to the previous year. Changes in the various functions are due more to the reclassification of activities rather than major changes in spending. In addition, the Garbage Service Fund was reclassified as a Proprietary Fund during fiscal year 2004. It had previously been accounted for in the General Government Fund.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Changes in Cash Basis Net Assets of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts & transfers:		
Program Receipts:		
Charges for service:		
Water	\$ 281,776	\$ 259,866
Sewer	92,378	90,603
Electric	755,755	637,130
Garbage	216,845	-
Capital grants, contributions and restricted interest	89	-
General Receipts:		
Unrestricted investment earnings	5,551	2,960
Bond proceeds	-	-
Other general receipts	-	11,410
Transfers in	-	203,150
	<hr/>	<hr/>
Total receipts	1,352,394	1,205,119
Disbursements:		
Water	221,718	224,987
Sewer	58,473	141,273
Electric	655,626	522,899
Garbage	202,413	-
Nonmajor enterprise funds:		
Transfers out	258,955	60,000
	<hr/>	<hr/>
Total disbursements & transfers	1,397,185	949,159
Increase (decrease) in cash basis net assets	(44,791)	255,960
Cash basis assets beginning of year	848,415	532,314
Cash basis assets end of year	803,624	788,274
Electric revenue reserve fund reclassified as proprietary funds during FY 03/04	<hr/> -	<hr/> 60,141
Adjusted cash basis assets end of year	<u>\$ 803,624</u>	<u>\$ 848,415</u>

Total business type activities receipts and transfers in for the fiscal year were \$1.353 million compared to \$1.205 million last year. This increase was due primarily to the increase in electric rates that went into effect mid-year, and the reclassification of the Garbage Fund from a General Government to Business Type account. Total disbursements and transfers out for the fiscal year increased by \$447,990, or approximately 63.6%. This was again due to the reclassification of the Garbage Service Fund, as well as increased transfers to capital projects.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Dysart completed the year, its governmental funds reported a combined fund balance of \$806,732, a decrease of more than \$668,000 below last year's total of \$1,475,139. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$63,080 from the prior year to \$496,526. Most of this decrease was due to use of cash reserves for activities including ambulance building renovation, library operations and community beautification projects.
- The Road Use Tax Fund cash balance decreased by \$16,825 to \$52,884 during the fiscal year. The decrease was attributable to increased street project costs in 2004.
- The Substation/Distribution Project Fund ended the year with a zero balance. This was due to the completion of the new electrical substation and the upgrade of the electric distribution system. Total costs of the project during the fiscal year was \$598,201.
- The Pool Project Fund showed an increase of \$45,179, for a balance of \$74,884. Bond proceeds of \$1.2 million were received during the year, and a total of \$1.523 million was expended during FY 2004 for the project. Private contributions, a Vision Iowa CAT grant, and cash reserves were also used to finance the aquatic center.

## **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased by \$13,911 to \$183,802, due primarily to increased miscellaneous operating costs.
- The Sewer Fund cash balance decreased by \$13,450 to \$112,198, again, due primarily various increases in operating costs.
- The Electric Fund cash balance decreased \$28,151 to \$423,410. While overall operating revenues were up, approximately \$250,000 was transferred out for other projects.
- The Garbage Service Fund reassigned from the General Fund to a Business Type Fund. The ending balance in the Garbage Service Fund was \$2,530.

## **BUDGETARY HIGHLIGHTS**

The City amended its budget on May 26, 2004, showing an increase in expenditures of \$1.356 million. Of this increase, \$1.187 million was for capital projects. This increase was offset by the issuance of \$1.375 in general obligation bonds to finance the aquatic center and water main project. The balance of the increase was for increased general operating costs. The city had sufficient cash on hand to finance the increased operating costs.

## DEBT ADMINISTRATION

At June 30, 2004, the City had \$2,173,810 in bonds and other long-term debt, compared to \$939,079 last year, as shown below.

### Outstanding Debt at Year-End

	<u>Year ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
General obligation bonds & notes	\$ 1,601,538	\$ 310,195
Revenues bonds	550,000	600,000
Capital Lease	<u>22,272</u>	<u>28,884</u>
Total	<u>\$ 2,173,810</u>	<u>\$ 939,079</u>

Debt increased as a result of issuing general obligation bonds to finance the aquatic center and water main replacement project.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's constitutional debt limit is \$2,627,465. With outstanding general obligation debt of \$1,601,538, the city currently is using approximately 61% of its constitutional debt limit.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Dysart's elected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for various City activities.

The passing of the "Re-inventing Iowa" bill from the State of Iowa, cut state funding to cities including personal property tax replacement, monies and credits, along with the early phase out of machinery and equipment replacement tax for next year. The bill was passed after next year's budget was certified therefore the amended budget will show the decreased receipts and disbursements.

Budget for various departments have remained fairly consistent with past years. However, property tax rates for fiscal year 2005 will increase approximately 5.9% to \$11.728/\$1000 in valuation. This increase is due to the repayment of the general obligation debt for the family aquatic center, which was approved by the voters in November of 2002. This tax rate increase is expected to generate approximately \$25,000 in additional property tax revenue.

Budgeted disbursements are expected to decrease by approximately \$1 million, due to the completion of capital projects in 2004. The City has added no major new programs or initiatives to the 2005 budget.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Roxanne L. Schneider, City Clerk, 601 Wilson Street, PO Box 686, Dysart, Iowa.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DYSART**

**Statement of Activities and Net Assets - Cash Basis**

**As of and For the Year Ended June 30, 2004**

<b>FUNCTIONS/PROGRAMS:</b>	<b><u>Disbursements</u></b>	<b><u>Charges for Services</u></b>
Governmental activities:		
Public safety	\$ 181,966	\$ 45,624
Public works	125,372	-
Health and social services	342	-
Culture and recreation	197,107	27,992
Community and economic development	19,033	2,229
General government	43,353	8,140
Debt service	133,639	-
Capital projects	<u>2,363,383</u>	<u>17,111</u>
Total governmental activities	<u>3,064,195</u>	<u>101,096</u>
Business type activities:		
Water	221,718	281,776
Sewer	58,473	92,378
Electric	655,626	755,755
Garbage	<u>202,413</u>	<u>216,845</u>
Total business type activities	<u>1,138,230</u>	<u>1,346,754</u>
Total	<u>\$ 4,202,425</u>	<u>\$ 1,447,850</u>
<b>GENERAL RECEIPTS:</b>		
Property taxes levied for:		
General Purposes		
Employee benefits		
Tax increment financing		
Debt service		
Other city tax		
Local option sales tax		
Grants and contributions not restricted to specific purpose		
Unrestricted interest on investments		
Bond proceeds		
Miscellaneous		
Transfers		
Total general receipts and transfers		



**Exhibit A**

<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets</u>		
<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ 22,993	\$ -	\$ (113,349)	\$ -	\$ (113,349)
108,524	-	(16,848)	-	(16,848)
-	-	(342)	-	(342)
9,254	188	(159,673)	-	(159,673)
22	-	(16,782)	-	(16,782)
26,978	-	(8,235)	-	(8,235)
-	-	(133,639)	-	(133,639)
-	117,029	(2,229,243)	-	(2,229,243)
<u>167,771</u>	<u>117,217</u>	<u>(2,678,111)</u>	<u>-</u>	<u>(2,678,111)</u>
-	-	-	60,058	60,058
-	-	-	33,905	33,905
89	-	-	100,218	100,218
-	-	-	14,432	14,432
<u>89</u>	<u>-</u>	<u>-</u>	<u>208,613</u>	<u>208,613</u>
<u>\$ 167,860</u>	<u>\$ 117,217</u>	<u>\$ (2,678,111)</u>	<u>\$ 208,613</u>	<u>\$ 2,469,498</u>
		230,563	-	230,563
		28,578	-	28,578
		70,266	-	70,266
		19,485	-	19,485
		3,189	-	3,189
		50,325	-	50,325
		5,405	-	5,405
		2,453	5,551	8,004
		1,336,806	-	1,336,806
		3,679	-	3,679
		<u>258,955</u>	<u>(258,955)</u>	<u>-</u>
		<u>2,009,704</u>	<u>(253,404)</u>	<u>1,756,300</u>

(continued)

**CITY OF DYSART**

**Statement of Activities and Net Assets - Cash Basis**

**As of and for the Year Ended June 30, 2004**

	<u><b>Disbursements</b></u>	<u><b>Charges for Services</b></u>
<b>CHANGE IN CASH BASIS NET ASSETS</b>		
<b>CASH BASIS NET ASSETS, BEGINNING</b>		
<b>CASH BASIS NET ASSETS, ENDING</b>		
<b>CASH BASIS IN NET ASSETS:</b>		
Restricted:		
Streets		
Urban renewal purposes		
Debt service		
Other purposes		
Unrestricted		
<b>TOTAL CASH BASIS NET ASSETS</b>		

**Exhibit A**

<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets</u>		
<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
		(668,407)	(44,791)	(713,198)
		<u>1,475,139</u>	<u>848,415</u>	<u>2,323,554</u>
		<u>\$ 806,732</u>	<u>\$ 803,624</u>	<u>\$ 1,610,356</u>
		\$ 52,884	\$ -	\$ 52,884
		30,458	-	30,458
		59,742	5,798	65,540
		167,122	75,886	243,008
		<u>496,526</u>	<u>721,940</u>	<u>1,218,466</u>
		<u>\$ 806,732</u>	<u>\$ 803,624</u>	<u>\$ 1,610,356</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

# CITY OF DYSART

## Statement of Cash Receipts, Disbursements, and Changes in Cash Balances - Governmental Funds

As of and for the Year Ended June 30, 2004

		<u>Special Revenue</u>
	<u>General</u>	<u>Road Use Tax</u>
<b>RECEIPTS:</b>		
Property tax	\$ 230,563	\$ -
Tax increment financing collections	-	-
Other city tax	2,653	-
Licenses and permits	4,899	-
Use of money and property	11,395	-
Intergovernmental	17,764	108,524
Charges for services	75,886	-
Miscellaneous	<u>40,268</u>	<u>-</u>
Total receipts	<u>383,428</u>	<u>108,524</u>
<b>DISBURSEMENTS:</b>		
Operating:		
Public safety	171,190	-
Public works	24	125,348
Health and social services	342	-
Culture and recreation	152,553	-
Community and economic development	11,306	-
General government	43,353	-
Debt service	-	-
Capital projects	<u>-</u>	<u>-</u>
Total disbursements	<u>378,768</u>	<u>125,348</u>
Excess (deficiency) of receipts over (under) disbursements	<u>4,660</u>	<u>(16,824)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Bond proceeds	-	-
Transfers in	44,337	-
Transfers out	<u>(112,077)</u>	<u>-</u>
Net other financing sources (uses)	<u>(67,740)</u>	<u>-</u>
<b>NET CHANGE IN CASH BALANCE</b>	(63,080)	(16,824)
<b>CASH BALANCE, BEGINNING</b>	<u>559,606</u>	<u>69,708</u>
<b>CASH BALANCE, ENDING</b>	<u>\$ 496,526</u>	<u>\$ 52,884</u>

**Exhibit B**

<b>Capital Projects</b>		<b>Other Nonmajor Governmental Funds</b>	<b>Total</b>
<b><u>Substation Project</u></b>	<b><u>Pool Project</u></b>		
\$ -	\$ -	\$ 48,063	\$ 278,626
-	-	70,266	70,266
-	-	205	2,858
-	-	-	4,899
102	2,340	52,241	66,078
-	61,232	-	187,520
-	-	-	75,886
-	<u>43,801</u>	<u>29,825</u>	<u>113,894</u>
<u>102</u>	<u>107,373</u>	<u>200,600</u>	<u>800,027</u>
-	-	10,776	181,966
-	-	-	125,372
-	-	-	342
-	-	44,554	197,107
-	-	7,727	19,033
-	-	-	43,353
-	-	133,639	133,639
<u>598,201</u>	<u>1,524,000</u>	<u>241,182</u>	<u>2,363,383</u>
<u>598,201</u>	<u>1,524,000</u>	<u>437,878</u>	<u>3,064,195</u>
<u>(598,099)</u>	<u>(1,416,627)</u>	<u>(237,278)</u>	<u>(2,264,168)</u>
-	1,161,806	175,000	1,336,806
-	300,000	279,984	624,321
<u>(38,778)</u>	<u>-</u>	<u>(214,511)</u>	<u>(365,366)</u>
<u>(38,778)</u>	<u>1,461,806</u>	<u>240,473</u>	<u>1,595,761</u>
(636,877)	45,179	3,195	(668,407)
<u>636,877</u>	<u>29,705</u>	<u>179,243</u>	<u>1,475,139</u>
<u>\$ -</u>	<u>\$ 74,884</u>	<u>\$ 182,438</u>	<u>\$ 806,732</u>

(continued)

**CITY OF DYSART**

**Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Governmental Funds**

**As of and for the Year Ended June 30, 2004**

	<u><b>Special Revenue</b></u>	
	<u><b>General</b></u>	<u><b>Road Use Tax</b></u>
<b>CASH BASIS FUND BALANCE:</b>		
Reserved:		
Debt Service	\$ -	\$ -
Unreserved:		
General	496,526	-
Special revenue funds	-	52,884
Capital projects funds	<u>-</u>	<u>-</u>
Total cash basis fund balance	<u>\$ 496,526</u>	<u>\$ 52,884</u>

**Exhibit B**

<b>Capital Projects</b>		<b>Other Nonmajor Governmental Funds</b>		<b><u>Total</u></b>
<b><u>Substation Project</u></b>	<b><u>Pool Project</u></b>			
\$ -	\$ -	\$ 59,742		\$ 59,742
-	-	-		496,526
-	-	65,907		118,791
-	74,884	56,789		131,673
<u>\$ -</u>	<u>\$ 74,884</u>	<u>\$ 182,438</u>		<u>\$ 806,732</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

**CITY OF DYSART**

**Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Proprietary Funds**

**As of and for the Year Ended June 30, 2004**

	<u><b>Enterprise Funds</b></u>		
	<u><b>Water</b></u>	<u><b>Sewer</b></u>	<u><b>Electric</b></u>
<b>OPERATING RECEIPTS:</b>			
Charges for services	\$ 264,297	\$ 91,678	\$ 719,062
Miscellaneous	<u>17,479</u>	<u>700</u>	<u>36,782</u>
Total operating receipts	<u>281,776</u>	<u>92,378</u>	<u>755,844</u>
<b>OPERATING DISBURSEMENTS:</b>			
Business type activities:			
Water	221,718	-	-
Sewer	1,745	56,728	-
Electric	-	-	583,482
Garbage	<u>-</u>	<u>-</u>	<u>-</u>
Total operating disbursements	<u>223,463</u>	<u>56,728</u>	<u>583,482</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>58,313</u>	<u>35,650</u>	<u>172,362</u>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>			
Interest on investments	1,262	852	2,625
Debt service	<u>-</u>	<u>-</u>	<u>-</u>
Net nonoperating receipts (disbursements)	<u>1,262</u>	<u>852</u>	<u>2,625</u>
Excess (deficiency) of receipts over (under) disbursements	59,575	36,502	174,987
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	3,643	48	49,586
Operating transfers out	<u>(77,129)</u>	<u>(50,000)</u>	<u>(252,724)</u>
Net other financing sources (uses)	<u>(73,486)</u>	<u>(49,952)</u>	<u>(203,138)</u>



**Exhibit C**

<u>Garbage</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
\$ 213,625	\$ -	\$ 1,288,662
<u>3,220</u>	<u>-</u>	<u>58,181</u>
<u>216,845</u>	<u>-</u>	<u>1,346,843</u>
-	-	221,718
-	-	58,473
-	-	583,482
<u>202,413</u>	<u>-</u>	<u>202,413</u>
<u>202,413</u>	<u>-</u>	<u>1,066,086</u>
<u>14,432</u>	<u>-</u>	<u>280,757</u>
23	789	5,551
<u>-</u>	<u>(72,144)</u>	<u>(72,144)</u>
<u>23</u>	<u>(71,355)</u>	<u>(66,593)</u>
14,455	(71,355)	214,164
5,400	95,048	153,725
<u>(17,325)</u>	<u>(15,502)</u>	<u>(412,680)</u>
<u>(11,925)</u>	<u>79,546</u>	<u>(258,955)</u>

(continued)

**CITY OF DYSART**

**Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances - Proprietary Funds**

**As of and for the Year Ended June 30, 2004**

	<u><b>Enterprise Funds</b></u>		
	<u><b>Water</b></u>	<u><b>Sewer</b></u>	<u><b>Electric</b></u>
<b>NET CHANGE IN CASH BALANCE</b>	\$ (13,911)	\$ (13,450)	\$ (28,151)
<b>CASH BALANCE, BEGINNING</b>	<u>197,713</u>	<u>125,648</u>	<u>451,561</u>
<b>CASH BALANCE, ENDING</b>	<u>\$ 183,802</u>	<u>\$ 112,198</u>	<u>\$ 423,410</u>
<b>CASH BASIS FUND BALANCE:</b>			
Reserved:			
Debt service	\$ -	\$ -	\$ -
Unreserved	<u>183,802</u>	<u>112,198</u>	<u>423,410</u>
Total cash basis fund balance	<u>\$ 183,802</u>	<u>\$ 112,198</u>	<u>\$ 423,410</u>

**Exhibit C**

<u>Garbage</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>
\$ 2,530	\$ 8,191	\$ (44,791)
<u>-</u>	<u>73,493</u>	<u>848,415</u>
<u>\$ 2,530</u>	<u>\$ 81,684</u>	<u>\$ 803,624</u>
\$ -	\$ 5,798	\$ 5,798
<u>2,530</u>	<u>75,886</u>	<u>797,826</u>
<u>\$ 2,530</u>	<u>\$ 81,684</u>	<u>\$ 803,624</u>

These financial statements should be read only in connection  
with the accompanying notes to financial statements.

## **CITY OF DYSART**

### **Notes to Financial Statements**

**June 30, 2004**

#### **(1) Summary of Significant Accounting Policies**

The City of Dysart, a political subdivision of the State of Iowa, is located in Tama County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and garbage utilities for its citizens.

##### **A. Reporting Entity**

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

##### **Jointly Governed Organizations**

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Solid Waste Disposal Commission, Tama County Economic Development Commission, and Tama County E911 Board.

##### **B. Basis of Presentation**

**Government-wide Financial Statements** – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(1) Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

Capital Projects:

The Substation Project Fund is utilized to account for transactions involved in construction of a substation.

The Pool Project Fund is utilized to account for transactions involved in construction of a pool.

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(1) Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for operation of the City's electric utility.

The Garbage Fund accounts for operation of the City's garbage collection.

**C. Measurement Focus and Basis of Accounting**

The City of Dysart maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the capital projects and business type activities functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2004, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(2) Cash and Pooled Investments (continued)**

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City maintains funds in an automated cash management trust and investment account with a financial institution. This is a yield maintenance repurchase agreement. The financial institution purchases securities for the City and agrees to repurchase those securities with settlement daily at yield specified by the agreement. This investment is classified in risk category three in that the balance is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. The cost of this investment as of June 30, 2004 was \$610,756, which approximates fair market value.

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds, general obligation notes, and revenue bonds are as follows:

	<b>General Obligation Bonds</b>		<b>General Obligation Notes</b>		<b>Revenue Bonds</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2005	\$ 48,000	\$ 2,179	\$ 108,538	\$ 48,773	\$ 50,000	\$ 16,965	\$ 206,538	\$ 67,917
2006	-	-	95,000	45,044	55,000	16,065	150,000	61,109
2007	-	-	95,000	42,606	55,000	14,965	150,000	57,571
2008	-	-	100,000	40,169	60,000	13,645	160,000	53,814
2009	-	-	100,000	38,489	60,000	11,935	160,000	50,424
2010	-	-	105,000	36,569	65,000	10,075	170,000	46,644
2011	-	-	75,000	34,274	65,000	7,865	140,000	42,139
2012	-	-	75,000	32,624	70,000	5,460	145,000	38,084
2013	-	-	60,000	30,864	70,000	2,800	130,000	33,664
2014	-	-	60,000	28,854	-	-	60,000	28,854
2015	-	-	65,000	26,754	-	-	65,000	26,754
2016	-	-	65,000	24,414	-	-	65,000	24,414
2017	-	-	70,000	22,009	-	-	70,000	22,009
2018	-	-	70,000	19,349	-	-	70,000	19,349
2019	-	-	75,000	16,619	-	-	75,000	16,619
2020	-	-	80,000	13,618	-	-	80,000	13,618
2021	-	-	80,000	10,419	-	-	80,000	10,419
2022	-	-	85,000	7,219	-	-	85,000	7,219
2023	-	-	90,000	3,713	-	-	90,000	3,713
Total	<u>\$ 48,000</u>	<u>\$ 2,179</u>	<u>\$1,553,538</u>	<u>\$ 522,380</u>	<u>\$ 550,000</u>	<u>\$ 99,775</u>	<u>\$2,151,538</u>	<u>\$ 624,334</u>

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(3) Bonds and Notes Payable (continued)**

General obligation sewer improvement bonds were issued June 27, 1995, with an interest rate of 4.54%. These bonds are due in annual installments of \$40,000 to \$48,000, plus interest. Bonds outstanding at June 30, 2004 amount to \$48,000.

A general obligation note was issued for the purpose of defraying a portion of the costs of constructing improvements and extensions to the City's sanitary sewer, storm sewer, and waterworks facilities. This note is dated May 15, 1995, and is payable to the Farmers Cooperative Telephone Company, Dysart, Iowa, due in annual installments of \$19,467, including interest at 5.0%. The balance of this note at June 30, 2004 was \$18,538.

A general obligation note was issued for the purpose of defraying a portion of the costs of constructing a library. Proceeds from this note were received April 29, 2003, and is payable to the Farmers Cooperative Telephone Company, Dysart, Iowa, due in annual installments of \$20,000 with 0.0% interest. The balance of this note at June 30, 2004 was \$160,000.

A general obligation note was issued for the purpose of constructing a new pool. This note is dated July 1, 2003 with interest rates ranging between 2.10% and 4.125%. The note is due in annual installments ranging between \$60,000 and \$90,000. The balance of this note due at June 30, 2004 was \$1,375,000.

Electric revenue bonds were issued March 1, 2003 with interest rates ranging between 1.50% and 4.00%. These bonds are due in annual installments of \$50,000 to \$70,000, plus interest. Bonds outstanding at June 30, 2004 amount to \$550,000.

**(4) Leases**

During the year ended June 30, 2000, the City, in cooperation with the Dysart Rural Fire Department, entered into a lease for a fire truck expiring during the fiscal year June 30, 2007, with an interest rate of 5.89%.

The City's portion of the minimum future lease payments under this capital lease is as follows:

	<b><u>Fire Truck</u></b>
2005	\$ 8,315
2006	8,315
2007	<u>8,315</u>
Total lease payments	24,945
Less amount representing interest	<u>2,673</u>
Present value of net minimum lease payments	<u><u>\$ 22,272</u></u>



**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(5) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 5.93% and 8.90%, respectively. For the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively, and for the year ended June 30, 2002, the contribution rates for police employees and the City were 6.20% and 9.29%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$18,102, \$17,101, and \$15,960, respectively, equal to the required contributions for each year.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 120 days. Vacation is payable when used and is cumulative only in isolated cases specifically approved by the City Council. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2004 was \$6,054. This liability has been computed based on rates of pay in effect at June 30, 2004.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2004 is as follows:

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>
General	Capital projects:	
	Library project	\$ 15,090
	Special revenue:	
	Employee benefits	28,922
	Trust and agency	325
		<u>44,337</u>

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(7) Interfund Transfers (continued)**

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>
Special revenue: Community landscaping	General	<u>6,000</u>
Special revenue: LMI housing	Special revenue: TIF revenue	<u>5,433</u>
Debt service: TIF debt	Special revenue: TIF revenue	<u>61,079</u>
Debt service: Water bond	Capital projects: Water project	60,106
	Enterprise: Water utility	<u>2,129</u>
		<u>62,235</u>
Debt Service: Library debt	General	<u>2,077</u>
Debt service: Pool debt	Special revenue: Local option sales tax	<u>39,160</u>
Capital projects: Library project	General	<u>104,000</u>
Capital projects: Pool project	Enterprise: Water utility	\$ 75,000
	Sewer utility	50,000
	Electric utility	<u>175,000</u>
		<u>300,000</u>
Enterprise: Garbage truck replacement	Enterprise: Garbage	<u>17,325</u>
Debt service: Electric debt	Enterprise: Electric utility	<u>77,724</u>

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(7) Interfund Transfers (continued)**

<b>Transfer to</b>	<b>Transfer from</b>	<b>Amount</b>
Enterprise: Water utility	Special revenue: Trust and agency	1,099
	Enterprise: Meter deposit	<u>2,544</u>
		<u>3,643</u>
Enterprise: Sewer utility	Special revenue: Trust and agency	<u>48</u>
Enterprise: Electric utility	Special revenue: Trust and agency	3,151
	Capital projects: Substation project	38,778
	Enterprise: Meter deposit	<u>7,657</u>
		<u>49,586</u>
Enterprise: Garbage	Special revenue: Trust and agency	100
	Enterprise: Garbage truck replacement	<u>5,300</u>
		<u>5,400</u>
Total		<u>\$ 778,047</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(8) Risk Management**

The City of Dysart is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(9) Commitments**

The City has entered into an agreement for road construction. Estimated costs of the project are \$24,000, none of which has been paid as of June 30, 2004.

The City has entered into an agreement for reconstruction of the swimming pool. Estimated costs are \$1,524,000, of which \$148,984 has not been paid as of June 30, 2004.

The City of Dysart participates in a 28E organization with Tama County and other cities in Tama County. This organization is the Tama County Solid Waste Disposal Commission. The estimated costs of closure and postclosure care as of June 30, 1998, the most recent date for which such information is available, is approximately \$1,047,000. The City of Dysart will share in these costs on a per capita basis with the other organizations in the 28E organization. The City's share of these estimated costs is \$74,000.

Under a wholesale power agreement, the City is committed to purchase its electric power and energy requirements from Resale Power Group of Iowa through December 2004. The rates for such purchases are subject to review annually. Although there are other suppliers of electric power, a change in supplier would cause a delay, which could ultimately affect operating results.

Under a water purchase contract, the City is committed to the purchase of bulk water from Poweshiek Water Association through December 2038. The rates for such purchases are subject to review annually.

In March 1994, the City agreed to pay the Medicare supplement for a retired City employee. The estimated liability for these benefits has not been determined. The cost to the City for the year ended June 30, 2004 was \$4,312.

The City, in cooperation with the Dysart Rural Fire Department, is leasing a fire truck. The City is responsible for each payment and is later reimbursed for 50% of the payment by the Rural Fire Department. Therefore, the City is contingently liable for the remaining portion of the capital lease, which amounts to \$22,272, as of June 30, 2004.

**(10) Related Party Transactions**

The City had business transactions between the City and a city official business totaling \$500.

**CITY OF DYSART**  
**Notes to Financial Statements**  
**June 30, 2004**

**(11) Accounting Change and Restatements**

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*, and Statement No. 41, *Budgetary Comparison Schedule - Perspective Differences*, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the city's financial activities. The financial statements now include a government-wide financial statement and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

This information is an integral part of the accompanying financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DYSART**

**Budgetary Comparison Schedule of Receipts, Disbursements, and  
Changes in Balances - Budget to Actual (Cash Basis) -  
All Governmental Funds and Proprietary Funds**

**Required Supplemental Information**

**Year Ended June 30, 2004**

	<b>Governmental Funds <u>Actual</u></b>	<b>Proprietary Funds <u>Actual</u></b>
<b>RECEIPTS:</b>		
Property tax	\$ 278,626	\$ -
Tax increment financing collections	70,266	-
Other city tax	2,858	-
Licenses and permits	4,899	-
Use of money and property	66,078	5,551
Intergovernmental	187,520	-
Charges for services	75,886	1,288,662
Special assessments	-	-
Miscellaneous	<u>113,894</u>	<u>58,181</u>
Total receipts	<u>800,027</u>	<u>1,352,394</u>
<b>DISBURSEMENTS:</b>		
Public safety	181,966	-
Public works	125,372	-
Health and social services	342	-
Culture and recreation	197,107	-
Community and economic development	19,033	-
General government	43,353	-
Debt service	133,639	72,144
Capital projects	2,363,383	-
Business type activities	<u>-</u>	<u>1,066,086</u>
Total disbursements	<u>3,064,195</u>	<u>1,138,230</u>
Excess (deficiency) of receipts over (under) disbursements	(2,264,168)	214,164
<b>OTHER FINANCING SOURCES, NET</b>	<u>1,595,761</u>	<u>(258,955)</u>
Excess of receipts and other financing sources over disbursements and other financing uses	(668,407)	(44,791)
<b>BALANCE, BEGINNING OF YEAR</b>	<u>1,475,139</u>	<u>848,415</u>
<b>BALANCE, END OF YEAR</b>	<u>\$ 806,732</u>	<u>\$ 803,624</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 278,626	\$ 274,251	\$ 274,251	\$ 4,375
70,266	64,282	64,282	5,984
2,858	54,110	54,110	51,252
4,899	2,780	2,780	2,119
71,629	6,700	6,700	64,929
187,520	233,823	233,823	(46,303)
1,364,550	1,248,000	1,248,000	116,548
-	-	-	-
<u>172,075</u>	<u>188,850</u>	<u>188,850</u>	<u>(16,775)</u>
<u>2,152,421</u>	<u>2,072,796</u>	<u>2,072,796</u>	<u>79,625</u>
181,966	191,750	191,750	9,784
125,372	335,020	337,105	211,733
342	350	350	8
197,107	157,600	220,966	23,859
19,033	8,500	28,192	9,159
43,353	94,380	96,811	53,458
205,783	183,749	217,500	11,717
2,363,383	1,500,000	2,686,981	323,598
<u>1,066,086</u>	<u>926,500</u>	<u>974,478</u>	<u>(91,608)</u>
<u>4,202,425</u>	<u>3,397,849</u>	<u>4,754,133</u>	<u>551,708</u>
(2,050,004)	(1,325,053)	(2,681,337)	631,332
<u>1,336,806</u>	<u>-</u>	<u>1,375,000</u>	<u>(38,194)</u>
(713,198)	(1,325,053)	(1,306,337)	593,138
<u>2,323,554</u>	<u>2,605,530</u>	<u>2,602,530</u>	<u>(278,976)</u>
<u>\$ 1,610,356</u>	<u>\$ 1,277,477</u>	<u>\$ 1,296,193</u>	<u>\$ 314,163</u>

This information should be read only in connection  
With the accompanying auditor's report.



## **CITY OF DYSART**

### **Notes to Required Supplementary Information - Budgetary Reporting**

#### **Year Ended June 30, 2004**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similarly statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$1,356,284. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2004, disbursements exceeded the amounts budgeted in the capital projects and business type activities functions prior to amendment of the budget dated May 26, 2004. For the year ended June 30, 2004, actual disbursements exceeded the budget amount in the business type activities function.

## **OTHER SUPPLEMENTARY INFORMATION**

## CITY OF DYSART

Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances

## Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>RECEIPTS:</b>				
Property tax	\$ 28,578	\$ 19,485	\$ -	\$ 48,063
Tax increment financing collections	70,266	-	-	70,266
Other city tax	-	205	-	205
Use of money and property	50,656	147	1,438	52,241
Miscellaneous	<u>524</u>	<u>4,067</u>	<u>25,234</u>	<u>29,825</u>
Total receipts	<u>150,024</u>	<u>23,904</u>	<u>26,672</u>	<u>200,600</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	-	10,776	-	10,776
Culture and recreation	44,554	-	-	44,554
Community and economic development	7,727	-	-	7,727
Debt service	-	133,639	-	133,639
Capital projects	<u>-</u>	<u>-</u>	<u>241,182</u>	<u>241,182</u>
Total disbursements	<u>52,281</u>	<u>144,415</u>	<u>241,182</u>	<u>437,878</u>
Excess (deficiency) of receipts over (under) disbursements	<u>97,743</u>	<u>(120,511)</u>	<u>(214,510)</u>	<u>(237,278)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	175,000	175,000
Transfers in	11,433	164,551	104,000	279,984
Transfers out	<u>(139,316)</u>	<u>-</u>	<u>(75,195)</u>	<u>(214,511)</u>
Net other financing sources (uses)	<u>(127,883)</u>	<u>164,551</u>	<u>203,805</u>	<u>240,473</u>
<b>NET CHANGE IN CASH BALANCE</b>	(30,140)	44,040	(10,705)	3,195

(continued)

See accompanying independent auditor's report.

## CITY OF DYSART

Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances

## Nonmajor Governmental Funds

As of and for the Year Ended June 30, 2004

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>CASH BALANCE, BEGINNING</b>	\$ <u>96,047</u>	\$ <u>15,702</u>	\$ <u>67,494</u>	\$ <u>179,243</u>
<b>CASH BALANCE, ENDING</b>	\$ <u>65,907</u>	\$ <u>59,742</u>	\$ <u>56,789</u>	\$ <u>182,438</u>
<b>CASH BASIS FUND BALANCE:</b>				
Reserved:				
Debt service	\$ -	\$ 59,742	\$ -	\$ 59,742
Unreserved:				
Special revenue funds	65,907	-	-	65,907
Capital project funds	<u>-</u>	<u>-</u>	<u>56,789</u>	<u>56,789</u>
Total cash basis fund balance	\$ <u>65,907</u>	\$ <u>59,742</u>	\$ <u>56,789</u>	\$ <u>182,438</u>

See accompanying independent auditor's report.

# CITY OF DYSART

## Statement of Cash Receipts, Disbursements, and Changes in Cash Balances

### Nonmajor Special Revenue Funds

As of and for the Year Ended June 30, 2004

	<u>Community Landscaping</u>	<u>Employee Benefits</u>	<u>Local Option Sales Tax</u>	<u>TIF Revenue</u>
<b>RECEIPTS:</b>				
Property tax	\$ -	\$ 28,578	\$ -	-
Tax increment financing collections	-	-	-	70,266
Other city tax	-	331	50,325	-
Use of money and property	<u>22</u>	<u>13</u>	<u>85</u>	<u>204</u>
Total receipts	<u>22</u>	<u>28,922</u>	<u>50,410</u>	<u>70,470</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Culture and recreation	-	-	-	-
Community and economic development	<u>7,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>7,727</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(7,705)</u>	<u>28,922</u>	<u>50,410</u>	<u>70,470</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	6,000	-	-	-
Operating transfers out	<u>-</u>	<u>(28,922)</u>	<u>(39,160)</u>	<u>(66,512)</u>
Net other financing sources (uses)	<u>6,000</u>	<u>(28,922)</u>	<u>(39,160)</u>	<u>(66,512)</u>
<b>NET CHANGE IN CASH BALANCE</b>	(1,705)	-	11,250	3,958
<b>CASH BALANCE, BEGINNING</b>	<u>11,330</u>	<u>-</u>	<u>-</u>	<u>26,500</u>
<b>CASH BALANCE, ENDING</b>	<u>\$ 9,625</u>	<u>\$ -</u>	<u>\$ 11,250</u>	<u>\$ 30,458</u>
<b>CASH BASIS FUND BALANCE:</b>				
Unreserved:				
Special revenue funds	<u>\$ 9,625</u>	<u>\$ -</u>	<u>\$ 11,250</u>	<u>\$ 30,458</u>

**Schedule 2**

<b><u>LMI Housing</u></b>	<b><u>Trust &amp; Agency</u></b>	<b><u>Project Share</u></b>	<b><u>Carver Trust Grant</u></b>	<b><u>McElroy Trust Grant</u></b>	<b><u>Total</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,578
-	-	-	-	-	70,266
-	-	-	-	-	50,656
<u>11</u>	<u>-</u>	<u>1</u>	<u>188</u>	<u>-</u>	<u>524</u>
<u>11</u>	<u>-</u>	<u>1</u>	<u>188</u>	<u>-</u>	<u>150,024</u>
-	-	-	40,549	4,005	44,554
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,727</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,549</u>	<u>4,005</u>	<u>52,281</u>
<u>11</u>	<u>-</u>	<u>1</u>	<u>(40,361)</u>	<u>(4,005)</u>	<u>97,743</u>
5,433	-	-	-	-	11,433
<u>-</u>	<u>(4,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,316)</u>
<u>5,433</u>	<u>(4,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,883)</u>
5,444	(4,722)	1	(40,361)	(4,005)	(30,140)
<u>-</u>	<u>4,722</u>	<u>88</u>	<u>49,402</u>	<u>4,005</u>	<u>96,047</u>
<u>\$ 5,444</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 9,041</u>	<u>\$ -</u>	<u>\$ 65,907</u>
<u>\$ 5,444</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 9,041</u>	<u>\$ -</u>	<u>\$ 65,907</u>

See accompanying independent auditor's report.

**CITY OF DYSART**

**Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances**

**Nonmajor Debt Service Funds**

**As of and for the Year Ended June 30, 2004**

	<b><u>Housing Debt</u></b>	<b><u>TIF Debt</u></b>
<b>RECEIPTS:</b>		
Property tax	\$ 19,485	\$ -
Other city tax	205	-
Use of money and property	50	3
Miscellaneous	<u>-</u>	<u>-</u>
Total receipts	<u>19,740</u>	<u>3</u>
<b>DISBURSEMENTS:</b>		
Operating:		
Public safety	-	10,776
Debt service	<u>19,467</u>	<u>50,315</u>
Total disbursements	<u>19,467</u>	<u>61,091</u>
Excess (deficiency) of receipts over (under) disbursements	<u>273</u>	<u>(61,088)</u>
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in	-	61,079
Operating transfers out	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>-</u>	<u>61,079</u>
<b>NET CHANGE IN CASH BALANCE</b>	273	(9)
<b>CASH BALANCE, BEGINNING</b>	<u>1,875</u>	<u>9</u>
<b>CASH BALANCE, ENDING</b>	<u><u>\$ 2,148</u></u>	<u><u>\$ -</u></u>
<b>CASH BASIS FUND BALANCE:</b>		
Reserved:		
Debt service	<u><u>\$ 2,148</u></u>	<u><u>\$ -</u></u>

### Schedule 3

<b><u>Water Bond</u></b>	<b><u>Library Debt</u></b>	<b><u>Pool Debt</u></b>	<b><u>Total</u></b>
\$ -	\$ -	\$ -	\$ 19,485
-	-	-	205
43	38	13	147
<u>-</u>	<u>4,067</u>	<u>-</u>	<u>4,067</u>
<u>43</u>	<u>4,105</u>	<u>13</u>	<u>23,904</u>
-	-	-	10,776
<u>4,684</u>	<u>20,000</u>	<u>39,173</u>	<u>133,639</u>
<u>4,684</u>	<u>20,000</u>	<u>39,173</u>	<u>144,415</u>
<u>(4,641)</u>	<u>(15,895)</u>	<u>(39,160)</u>	<u>(120,511)</u>
62,235	2,077	39,160	164,551
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>62,235</u>	<u>2,077</u>	<u>39,160</u>	<u>164,551</u>
57,594	(13,818)	-	44,040
<u>-</u>	<u>13,818</u>	<u>-</u>	<u>15,702</u>
<u>\$ 57,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,742</u>
<u>\$ 57,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,742</u>

See accompanying independent auditor's report.



## CITY OF DYSART

Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances

## Nonmajor Capital Projects Funds

As of and for the Year Ended June 30, 2004

	<u>Library Project</u>	<u>TIF</u>	<u>Crisman Water Project</u>	<u>Total</u>
<b>RECEIPTS:</b>				
Use of money and property	\$ 552	\$ 7	\$ 879	\$ 1,438
Miscellaneous	<u>25,234</u>	<u>-</u>	<u>-</u>	<u>25,234</u>
Total receipts	<u>25,786</u>	<u>7</u>	<u>879</u>	<u>26,672</u>
<b>DISBURSEMENTS:</b>				
Capital projects	<u>125,408</u>	<u>-</u>	<u>115,774</u>	<u>241,182</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(99,622)</u>	<u>7</u>	<u>(114,895)</u>	<u>(214,510)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	175,000	175,000
Operating transfers in	104,000	-	-	104,000
Operating transfers out	<u>(15,090)</u>	<u>-</u>	<u>(60,105)</u>	<u>(75,195)</u>
Net other financing sources (uses)	<u>88,910</u>	<u>-</u>	<u>114,895</u>	<u>203,805</u>
<b>NET CHANGE IN CASH BALANCE</b>	(10,712)	7	-	(10,705)
<b>CASH BALANCE, BEGINNING</b>	<u>66,609</u>	<u>885</u>	<u>-</u>	<u>67,494</u>
<b>CASH BALANCE, ENDING</b>	<u>\$ 55,897</u>	<u>\$ 892</u>	<u>\$ -</u>	<u>\$ 56,789</u>
<b>CASH BASIS FUND BALANCE:</b>				
Unreserved:				
Capital project funds	<u>\$ 55,897</u>	<u>\$ 892</u>	<u>\$ -</u>	<u>\$ 56,789</u>

See accompanying independent auditor's report.

**CITY OF DYSART**  
**Statement of Cash Receipts, Disbursements,**  
**and Changes in Cash Balances**

**Nonmajor Enterprise Funds**

**As of and for the Year Ended June 30, 2004**

	<b><u>Electric Revenue Debt</u></b>	<b><u>Electric Revenue Reserve</u></b>
<b>OPERATING RECEIPTS</b>	\$ -	\$ -
<b>OPERATING DISBURSEMENTS:</b>		
Business type activities	-	-
Excess (deficiency) of operating receipts over (under) disbursements	-	-
<b>NONOPERATING RECEIPTS (DISBURSEMENTS):</b>		
Interest on investments	220	497
Debt service	(72,144)	-
Net nonoperating receipts (disbursements)	(71,924)	497
Excess (deficiency) of receipts over (under) disbursements	(71,924)	497
<b>OTHER FINANCING SOURCES (USES):</b>		
Operating transfers in	77,723	-
Operating transfers out	-	-
Net other financing sources (uses)	77,723	-
<b>NET CHANGE IN CASH BALANCE</b>	5,798	497
<b>CASH BALANCE, BEGINNING</b>	-	60,141
<b>CASH BALANCE, ENDING</b>	<u>\$ 5,798</u>	<u>\$ 60,638</u>
<b>CASH BASIS FUND BALANCE:</b>		
Reserved:		
Debt service	\$ 5,798	\$ -
Unreserved	-	60,638
Total cash basis fund balance	<u>\$ 5,798</u>	<u>\$ 60,638</u>

# Schedule 5

<u>Garbage Truck Replacement</u>	<u>Meter Deposit</u>	<u>Total</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
72	-	789
-	-	(72,144)
72	-	(71,355)
72	-	(71,355)
17,325	-	95,048
(5,301)	(10,201)	(15,502)
12,024	(10,201)	79,546
12,097	(10,201)	8,191
3,151	10,201	73,493
<u>\$ 15,248</u>	<u>\$ -</u>	<u>\$ 81,684</u>
\$ -	\$ -	\$ 5,798
<u>15,248</u>	<u>-</u>	<u>75,886</u>
<u>\$ 15,248</u>	<u>\$ -</u>	<u>\$ 81,684</u>

**CITY OF DYSART**  
**Schedule of Indebtedness**  
**Year Ended June 30, 2004**

<b><u>Obligation</u></b>	<b><u>Date of Issue</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amount Originally Issued</u></b>
General obligation bonds:			
Sewer bond	Jun. 27, 1995	4.54%	\$ 384,000
General obligation notes:			
Aquatic center	Jul. 1, 2003	2.10-4.125%	\$ 1,375,000
Housing debt	May 15, 1995	5.00%	150,000
Library note	May 8, 2002	0.00%	200,000
Total			
Revenue bonds:			
Electric	Mar. 1, 2003	1.50-4.00%	\$ 600,000

**Schedule 6**

<b><u>Balance Beginning of Year</u></b>	<b><u>Issued During Year</u></b>	<b><u>Redeemed During Year</u></b>	<b><u>Balance End of Year</u></b>	<b><u>Interest Paid</u></b>	<b><u>Interest Due and Unpaid</u></b>
\$ 94,000	\$ -	\$ 46,000	\$ 48,000	\$ 4,268	\$ -
\$ -	1,375,000	-	1,375,000	43,857	-
36,195	-	17,657	18,538	1,810	-
<u>180,000</u>	<u>-</u>	<u>20,000</u>	<u>160,000</u>	<u>-</u>	<u>-</u>
\$ <u>216,195</u>	\$ <u>1,375,000</u>	\$ <u>37,657</u>	\$ <u>1,553,538</u>	\$ <u>45,667</u>	\$ <u>-</u>
\$ 600,000	\$ -	\$ 50,000	\$ 550,000	\$ 22,144	\$ -

See accompanying independent auditor's report.

## CITY OF DYSART

## Bond and Note Maturities

**June 30, 2004**

## General Obligation Debt

	Housing Debt Issued May 15, 1995		Library Note Issued May 8, 2002		Sewer Bonds Issued June 27, 1995	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2005	5.00%	\$ 18,538	0.00%	\$ 20,000	4.54%	\$ 48,000
2006		-	0.00%	20,000		-
2007		-	0.00%	20,000		-
2008		-	0.00%	20,000		-
2009		-	0.00%	20,000		-
2010		-	0.00%	20,000		-
2011		-	0.00%	20,000		-
2012		-	0.00%	20,000		-
<b>Total</b>		<b>\$ 18,538</b>		<b>\$ 160,000</b>		<b>\$ 48,000</b>

## Revenue Bonds

## Notes Payable

## Electric Bonds

## General Obligation

**Issued March 1, 2003**

**Issued July 1, 2003**

<b>Year</b>	<b>Interest</b>	<b>Amount</b>	<b>Interest</b>	<b>Amount</b>
<b><u>Ending</u></b>	<b><u>Rates</u></b>		<b><u>Rates</u></b>	
<b><u>June 30,</u></b>				
2005	1.80%	\$ 50,000	4.00%	\$ 70,000
2006	2.00%	55,000	3.25%	75,000
2007	2.40%	55,000	3.25%	75,000
2008	2.85%	60,000	2.10%	80,000
2009	3.10%	60,000	2.40%	80,000
2010	3.40%	65,000	2.70%	85,000
2011	3.70%	65,000	3.00%	55,000
2012	3.80%	70,000	3.20%	55,000
2013	4.00%	70,000	3.35%	60,000
2014		-	3.50%	60,000
2015		-	3.60%	65,000
2016		-	3.70%	65,000
2017		-	3.80%	70,000
2018		-	3.90%	70,000
2019		-	4.00%	75,000
2020		-	4.00%	80,000
2021		-	4.00%	80,000
2022		-	4.125%	85,000
2023		-	4.125%	90,000
Total		\$ 550,000		\$ 1,375,000

## CITY OF DYSART

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Funds

## For the Last Four Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>RECEIPTS:</b>				
Property tax	\$ 278,626	\$ 272,764	\$ 271,494	\$ 259,511
Tax increment financing collections	70,266	51,315	55,236	49,362
Other city tax	2,858	3,927	1,912	3,632
Licenses and permits	4,899	3,919	4,656	4,038
Use of money and property	66,078	16,716	29,723	46,734
Intergovernmental	187,520	133,947	132,805	130,737
Charges for service	75,886	61,540	71,832	59,248
Miscellaneous	<u>113,894</u>	<u>628,285</u>	<u>559,855</u>	<u>44,573</u>
Total	<u>\$ 800,027</u>	<u>\$ 1,172,413</u>	<u>\$ 1,127,513</u>	<u>\$ 597,835</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	\$ 181,966	\$ 185,701	\$ 160,608	\$ 148,397
Public works	125,372	44,567	112,747	118,657
Health and social services	342	328	352	296
Culture and recreation	197,107	291,449	112,921	110,692
Community and economic development	19,033	98,631	11,086	12,996
General government	43,353	81,858	76,702	82,275
Debt service	133,639	89,801	69,639	142,860
Capital projects	<u>2,363,383</u>	<u>700,663</u>	<u>34,438</u>	<u>-</u>
Total	<u>\$ 3,064,195</u>	<u>\$ 1,492,998</u>	<u>\$ 578,493</u>	<u>\$ 616,173</u>

See accompanying independent auditor's report.

## **Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting**

To the Honorable Mayor and  
Members of the City Council  
Dysart, Iowa

We have audited the financial statements of the City of Dysart as of and for the year ended June 30, 2004, and have issued our report thereon dated August 26, 2004. Our report expressed an unqualified opinion on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the City of Dysart's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. There were no prior year statutory comments.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Dysart's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Dysart's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe Item I-A-04 is a material weakness. The reportable condition noted above existed in the prior year.

This report, a public record by law, is intended solely for the information and use of the Mayor, City Council, employees and citizens, and other parties to whom the City of Dysart may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Dysart during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
August 26, 2004

**CITY OF DYSART**  
**Schedule of Findings**  
**Year Ended June 30, 2004**

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

I-A-04     Segregation of duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that any employee in the office can open mail, list out cash receipts, and make bank deposits. Also, the individual responsible for maintaining cash records performs the monthly bank reconciliations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, we recommend that the City review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - The City will review their present internal control procedures and will consider additional review procedures where practical.

Conclusion – Response accepted. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

## CITY OF DYSART

### Schedule of Findings

Year Ended June 30, 2004

#### **Part II: Findings Related to Statutory Reporting**

II-A-04 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

II-B-04 Certified Budget - Disbursements during the year ended June 30, 2004 exceeded the amounts budgeted in the Business Type Activities and Capital Projects function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

II-C-04 Questionable Disbursements - We noted no disbursements that fail to meet the requirements of public purposes as defined in an Attorney General's opinion dated April 25, 1979.

II-D-04 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-E-04 Business Transactions – Business transactions between City officials or employees and the City are as follows:

<b><u>Name and Business Connection</u></b>	<b><u>Transaction Description</u></b>	<b><u>Amount</u></b>
Rick Kavalier, Council Member Owner of Kavalier Car Wash	Purchase of car wash tokens	\$ 500

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the council member does not appear to represent a conflict of interest since the total transactions with the individual totaled less than \$1,500 during the fiscal year.

II-F-04 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-G-04 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

**CITY OF DYSART**  
**Schedule of Findings**  
**Year Ended June 30, 2004**

**Part II: Findings Related to Statutory Reporting** (continued)

- II-H-04     Revenue Bonds – The City has established the sinking and reserve accounts required by electric revenue bond resolution.
- II-I-04     Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

**CITY OF DYSART**

**Audit Staff**

This audit was performed by:

William E. Murray, CPA, Audit Partner

Jared Kremer, CPA, Manager

Justin Zimmerman, Associate